

**Portfolio Managers** Paul Black, Sanjay Ayer, Michael Trigg & Jon Tringale

**Investment Process**

WCM Investment Management’s process is based on the belief that corporate culture is the biggest influence on a company’s ability to grow its competitive advantage (‘economic moat’).

**Company Objective**

To exceed its benchmark, MSCI All Country World Index (ex-Australia) (with gross dividends reinvested reported in Australian dollars and unhedged) over rolling three-year time periods, and to experience lower volatility than the benchmark.

**Portfolio Construction**

A portfolio of 20 – 40 stocks with access to quality global companies primarily in the high-growth Consumer, Technology and Health Care sectors. Typical cash allocation is between 0% – 7%.

**Key Portfolio Information**

|                                      |   |                                  |   |
|--------------------------------------|---|----------------------------------|---|
| <b>NTA Before Tax<sup>1</sup></b>    | <b>NTA After Tax and Before Tax on Unrealised Gains</b> | <b>NTA After Tax<sup>1</sup></b> | <b>Fully Franked Annual Dividend<sup>2</sup></b>                                      |
| A\$2.178                             | A\$2.112  | A\$1.944                         | A8.52c  |
| <b>Month End Closing Share Price</b> | <b>Dividend Frequency</b>                               | <b>Stock Universe</b>            | <b>Fees<sup>3</sup></b>   |
| A\$1.935                             | Quarterly   | Global (ex-Australia)            | Management: 1.25% p.a.<br>Administration: 0.10% p.a.<br>Performance: 10% <sup>4</sup> |

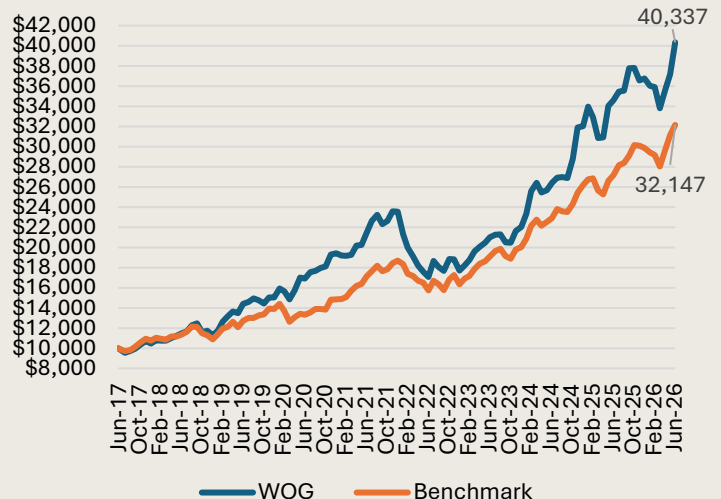
**Performance<sup>5</sup>**

|                          | Company <sup>5</sup> |          |        |         |         |                        | Strategy <sup>9</sup> |                         |
|--------------------------|----------------------|----------|--------|---------|---------|------------------------|-----------------------|-------------------------|
|                          | 1 Month              | 3 Months | 1 Year | 3 Years | 5 Years | Inception <sup>8</sup> | 10 Years              | Inception <sup>10</sup> |
| Portfolio                | 8.56%                | 19.28%   | 16.58% | 24.26%  | 13.45%  | 16.71%                 | 17.31%                | 14.98%                  |
| Benchmark <sup>6</sup>   | 3.24%                | 14.77%   | 18.26% | 18.93%  | 13.40%  | 13.81%                 | 14.15%                | 10.65%                  |
| Value Added <sup>7</sup> | 5.32%                | 4.51%    | -1.68% | 5.33%   | 0.05%   | 2.90%                  | 3.16%                 | 4.33%                   |

**Top 10 Portfolio Holdings**

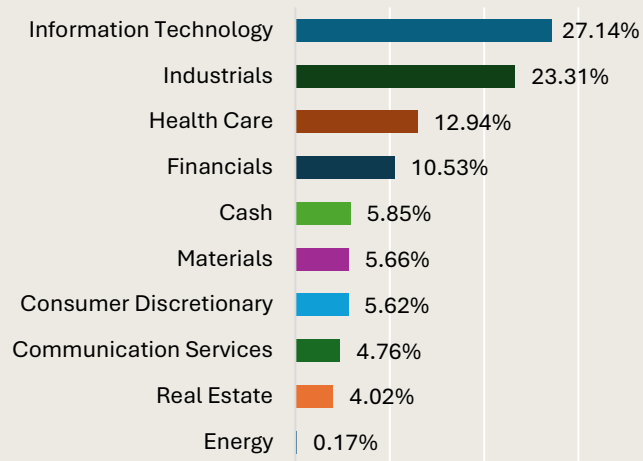
| Company                     | Weight (%) |
|-----------------------------|------------|
| Taiwan Semiconductor        | 6.76       |
| SK Square Co                | 5.54       |
| Siemens Energy              | 5.52       |
| Seagate Technology Holdings | 4.31       |
| Rolls-Royce Holdings        | 4.16       |
| Corning                     | 4.16       |
| AppLovin                    | 4.14       |
| Amazon.com                  | 3.72       |
| Western Digital             | 3.44       |
| Illumina                    | 2.63       |

**Portfolio Performance Growth of AUD \$10,000<sup>11</sup>**

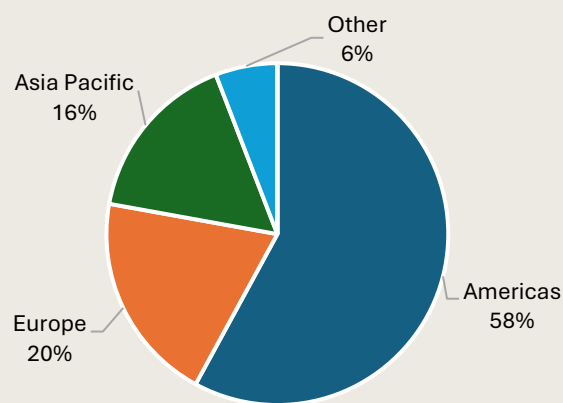


**Footnotes:** 1. NTA means net tangible assets and is calculated after all fees and expenses and incorporates all company assets including WQG’s operating bank account. NTA per share is based on WQG’s issued capital 276,103,165 shares as at the date of this report. NTA Before Tax has been reduced by cash payments of income tax liabilities where applicable 2. Dividends paid in the 12-month period to the date of this report are rounded to two decimal places. 3. Fees are inclusive of GST and less RITC. 4. Performance Fee is 10% (ex-GST) of the Portfolio’s outperformance relative to the benchmark after the Management Fee and subject to high water mark. Maximum fee is capped at 0.75% of the closing market value of the Portfolio in each financial year. 5. Periods greater than 1 year are annualised. Portfolio return is in AUD and calculated before expenses and after investment management and performance fees are paid. Performance includes the reinvestment of dividends and income. 6. Benchmark for the Company is MSCI All Country World Index (ex-Australia). Benchmark for WCM Quality Global Growth Strategy (the Strategy) is MSCI All Country World Index. 7. Value Add equals Portfolio or Strategy performance minus applicable Benchmark performance. 8. Company inception date is 21 June 2017. 9. The Company has the same Investment Adviser and investment team, the same investment principles, philosophy, strategy and execution of approach as those used for the Strategy however, it should be noted that due to certain factors including, but not limited to, differences in cash flows, management and performance fees, expenses, performance calculation methods, and portfolio sizes and composition, there may be variances between the investment returns demonstrated by each of these portfolios and the Strategy in the future. As the Company has only been in operation for a relatively short period of time, this table refers to the Strategy to provide a better understanding of how the team has managed this strategy over a longer period. Performance is net of fees and includes the reinvestment of dividends and income. 10. Strategy inception date is 31 March 2008. 11. Calculations are based on the portfolio return in AUD and calculated before taxes and expenses and after investment management and performance fees. Portfolio value includes the reinvestment of dividends and income. Source: AGP International Management Pty Ltd.

## Sector Exposure



## Geographic Exposure



## Portfolio Update

The portfolio delivered a return of 8.56% during the month, significantly outperforming the MSCI All Country World Index (ex-Australia) (the **Benchmark**) return of 3.24%. The portfolio has delivered returns in excess of the Benchmark over one and three months, three and five years and since its inception.

June's dominant market event was the reopening of the Strait of Hormuz, made possible by a Memorandum of Understanding between the US and Iran incorporating a 60-day ceasefire. The breakthrough alleviated concerns about energy security and sent oil prices sharply lower, with West Texas Intermediate finishing the month back at pre-conflict levels. June saw the beginning of a new era at the US Federal Reserve, with Kevin Warsh presiding over his first meeting as chair. His post-meeting emphasis on an unambiguous commitment to price stability prompted markets to price in a likely rate increase in October. Within equity markets, leadership shifted away from the Technology sector following its strong run through April and May. The Technology sell-off was led by the hyperscalers, with Microsoft Corp, Oracle Corp and Meta Platforms Inc hit hardest as investors began questioning the scale of their Artificial Intelligence (AI) capital expenditure and the uncertain timeline for returns. Sector leadership came from Banks, which benefited from the prospect of rising rates, and Healthcare. Europe (ex UK) and Japan were the standout regions, while on a factor basis value beat growth and large capitalisation stocks outperformed small capitalisation stocks.

Stock selection, which was broad-based, contributed to the portfolio's outperformance of the Benchmark in June. Consumer Discretionary was the only sector where selection detracted, while holdings in Information Technology, Industrials and Financials contributed most strongly. In terms of sector allocation, the overweight position in Healthcare and Industrials and the absence of Energy exposure were the largest positive contributors. However, the underweight positions in Financials and Consumer Staples and the overweight exposure to Materials weighed on relative returns.

The portfolio's Healthcare holdings include Illinois-based Medline Inc, which makes and supplies medical-surgical products to hospitals and healthcare facilities. Medline offers both its own brands and third-party products. The industry is growing as the U.S population ages. By 2030, all baby boomers in the US will be over 65, and by 2034, older adults will outnumber children. Medline's economic moat comes from its scale, switching costs and importantly from its unique vertically-integrated platform which owns every touchpoint in the distribution supply chain. This enables the company to deliver more reliably and cost-effectively than competitors. That moat is poised to expand as Medline compounds its logistics edge through automation and executes its "land and expand" strategy, driving greater penetration of its higher-margin private label products. Culturally, Medline has aligned incentives to be in perfect concert with its strategy.

The June quarter was the second strongest for global equity markets in six years. These strong returns were achieved against a backdrop of the ongoing US-Iran conflict, elevated oil prices, stubbornly high inflation and a change in leadership at the US Federal Reserve. This served as another reminder to investors of the danger in anchoring investment decisions to top-down macroeconomic and geopolitical narratives. Market strength over the past quarter has been concentrated in the AI theme, with semiconductor and AI infrastructure companies amongst the major winners. The outperformance of the Quality Global Growth Strategy for the June quarter is in part due to the WCM investment team's success in identifying a number of these AI winners that also meet its twin criteria of an expanding company moat and aligned corporate culture.

## For More Information

Please visit our website at [www.associateglobal.com/funds/wqg](http://www.associateglobal.com/funds/wqg) or contact us on 1300 052 054.

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